



STATE OF MINNESOTA
L'Étoile du Nord

Office of Governor Mark Dayton
& Lt. Governor Tina Smith

Comparing Proposals: Taxes

Category	Governor's Taxes Proposal	House GOP Taxes Proposal
Total Fiscal Impact	(\$172 million) FY16-17; (\$181 million) FY18-19	(\$2.3 billion) FY16-17; (\$3.1 billion) FY18-19
Child Care Credit	Governor Dayton has proposed \$103.2 million for the Child and Dependent Care Credit, helping 130,000 Minnesota families. The average eligible family would see a \$429 increase in their Tax Credit, with some families seeing an increase of as much as \$1,200. Under the Governor's proposal, families earning less than \$124,000 would qualify for the Credit.	The House GOP has proposed \$35 million for the Child and Dependent Care Credit. Under the House GOP proposal, families earning less than \$68,000 would qualify for the Credit.
Working Family Tax Credit	Governor Dayton has proposed \$82.5 million for the Working Family Tax Credit. Under his proposal, 30,000 new families would be eligible for the credit and over 257,000 families would see an increase in their tax credits.	No change
K-12 Education Credit and Subtraction	Governor Dayton has proposed \$10.9 million for the K-12 Education Credit. His proposal would expand the credit to another 16,800 families, saving them an estimated \$322 per year. Families could receive up to \$1,000 for each child to offset expenses for eligible expenses.	The House GOP proposal includes \$67.3 million for the K-12 Education Credit. It would expand the maximum credit by \$500 and include private tuition expenses. The proposal would also expand the maximum subtractions, and extend both the credit and subtraction to include prekindergarten expenses.

One-Time Tax Break	No change	The House GOP proposal includes \$538.6 million for a one-time tax cut for 2 million Minnesotans. The proposal would provide an average \$130 tax cut for tax year 2015.
State General Property Tax (Under current law, raises \$856 million for GF)	Governor Dayton has proposed modernizing and expanding the railroad property tax. This would increase General Fund revenues by \$31.7 million .	The House GOP proposal would exempt the first \$500,000 from each C/I property and the first \$200,000 from cabins and resorts. The proposal would phase out the remaining state levy over six years. In the first biennium, this proposal would cost \$453.3 million . When fully phased-in, it would cost \$2 billion per biennium.
Social Security Benefits Tax Exemption	No change	The House GOP proposal includes \$236.7 million to exempt Social Security benefits from state taxes. When fully phased-in, this proposal would cost over \$1 billion per biennium.
Military Pensions Tax Exemption	No change	The House GOP proposal includes \$51.6 million to subtract military retirement pay from state taxes. The proposal includes \$1,000 for each year of service, up to \$20,000. Roughly 18,000 Minnesota veterans would qualify for the tax exemption.
MNsure Tax Credit	No change	The House GOP proposal includes \$50 million to MNsure enrollees who would have previously been eligible for MinnesotaCare, after the House GOP proposal to eliminate MinnesotaCare for 90,000 people is implemented.
Higher Education Expenses Tax Credit	No change	The House GOP proposal would create a new student loan refundable credit to offset qualified student loans (\$130.6 million), create a refundable credit for contributions to 529 college savings plans (\$32.3 million), and create a subtraction for contributions to 529 college savings plans (\$7.7 million).
Farmer/Agriculture Credit	No change	The House GOP proposal would create a new credit that equals 50 percent of property taxes for school district debt levies paid by farmers on agricultural land (\$49.4 million).
Smokers/Tobacco Distributors	No change	The House GOP proposal would repeal the annual inflation adjustment on cigarette taxes, and cut taxes

		for e-cigarettes and cigarette distributors (\$24.8 million).
Digital Goods	No change	The House GOP proposal would exempt digital goods from Minnesota sales taxes (\$20.5 million).
Estate Tax Exemption	Governor Dayton has proposed a small change, providing \$100,000 to help farmers and small business owners pass on property.	The House GOP proposal would increase the estate tax exemption annually, until it reaches the federal exemption of \$5.43 million in 2019 (\$60.5 million). When fully phased-in, this provision would cost close to \$200 million per biennium and benefit 700 estates.
Close Corporate Loopholes	Governor Dayton has proposed closing corporate tax loopholes. This proposal would raise \$17.4 million .	No change
Research and Development Credit	Governor Dayton has proposed a small change to allow more access to credit when records are unavailable and would cost \$200,000.	The House GOP proposal would make the first \$200,000 refundable, and expand the credit to sole proprietors. This would cost \$101.9 million .
Net Operating Losses	No change	The House GOP proposal would allow emerging tech companies and biotech companies to sell unused net operating losses to other corporations. This would cost \$15 million .
New Markets Credit	No change	The House GOP proposal would provide \$97.5 million in tax breaks starting in 2020 through 2023 for businesses and individuals that make qualified capital investments in low income communities.
Angel Credit	No change	The House GOP proposal would increase the angel credit by \$3 million per year over the next two years, and extend the credit for another two years. This would cost \$6 million .
Local Government Aid	No change	The House GOP proposal would cut LGA only for Minneapolis, St. Paul, and Duluth by \$84.7 million a year.
County Program Aid	No change	The House GOP proposal would create a working group to modify the CPA formula. It would also make small cuts that total \$928,000, including public defender aid .
Aquatic Invasive Species Aid	No change	The House GOP proposal would eliminate \$20 million in Aquatic Invasive Species Aid to counties.
Minnesota Sports Facilities	No change	The House GOP proposal cuts the Minnesota Sports

Authority		Facilities Authority by \$6.4 million for FY16-17
Minneapolis Library Aid	No change	The House GOP proposal cuts aid to the Minneapolis Central Library by \$3.7 million .
Political Contribution Refund	No change	The House GOP proposal repeals the PCR program, adding \$10 million to the General Fund.
Tax Reciprocity with Wisconsin	No change	The House GOP proposal would reinstate tax reciprocity, but not require the State of Wisconsin to pay Minnesota for the measure. This would cost Minnesota \$12.7 million .
Transportation Tax Shifts	No tax shifts. The Governor's proposal would use \$10 million of General Fund money per biennium to expand Greater Minnesota transit.	The House GOP proposal would shift General Fund revenues to pay for transportation purposes. It would shift Sales Tax Revenue for Motor Vehicle Parts, Sales Tax Revenue on Rental Cars, and Motor Vehicle Lease Sales Tax Revenue. This would shift \$401.3 million out of the General Fund in FY16-17, and \$644.1 million in FY18-19.